

Message Text

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PAGE 01 JIDDA 08020 141028Z
ACTION NEA-10

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TO SECSTATE WASHDC 6580

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TREASURY FOR ASSISTANT SECRETARY PARSKY
E.O. 11652: N/A
TAGS: EFIN, SA
SUBJECT: VISIT TO SAUDI ARABIA OF TREASURY ASSISTANT SECRETARY PARSKY

1. IN RESPONSE TO RECENT REQUEST FROM TREASURY/OSAA,
FOLLOWING IS DRAFT MEMCON OF MAIN POINTS OF TREASURY
ASSISTANT SECRETARY PARSKY'S NOVEMBER 15 MEETING WITH
SAMA GOVERNOR QURAYSHI. IT BASED ON MEMORY, AS NO NOTES
WERE TAKEN:

2. PARSKY BEGAN WITH EXPLANATION OF USG ATTITUDE TOWARD
ARAB BOYCOTTA ND PROSPECTIVE U.S. LEGISLATION. HE STRESSED
NEED FOR ARAB GOVERNMENTS THEMSELVES TO EXPLAIN NATURE AND
APPLICATION OF BOYCOTT SO AS TO REDUCE U.S. CONCERNS RE
TERTIARY OR DISCRIMINATORY ASPECTS, AND URGED WIDER USE
OF POSITIVE CERTIFICATIONS AND OTHER MECHANISMS WHICH DID
NOT PUT U.S. COMPANIES IN POSITION OF BOYCOTT AGENTS. GOV.
QURAYSHI LISTENED COURTEOUSLY, AS THOUGH HE WERE HEARING
THAT FOR THE FIRST TIME. SWITCHING
TO SAMA INVESTMENT PROGRAM, PARSKY ASKED IF ANY RECENT
PRIVATE PLACEMENTS HAD BEEN MADE WITH AMERICAN FIRMS.
QURAYSHI SAID ONLY AMERICAN INVESTMENTS MADE SINCE AT&T
DEAL WERE SMALL PLACEMENTS WITH GMAC AND AMERICAN BRANCH
OF ICI (IMPERIAL CHEMICALS). IN ANSWER TO FURTHER QUESTIONING
QURAYSHI SAID SAMA WAS SWITCHING INCREASINGLY FROM VERY
SHORT-TERM ASSETS AS THEIR YIELDS FEEL, BUT WAS KEEPING
MOST OF ITS ASSETS AT RELATIVELY SHORT TERM (ALTHOUGH
SOME WERE AS LONG AS 5-7 YEARS). HE EXPLAINED THAT SAG
EXPECTED ITS SURPLUSES TO BE "ABSORBED" IN 5-8 YEARS, AND
WANTED TO MAINTAIN A RELATIVELY LIQUID POSITION. THIRD

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SUBJECT RAISED BY PARSKY WAS SURETY BONDING FOR CONTRACTORS.

PARSKY SAID USG HAD, WITH OPIC PROGRAM, TAKEN USEFUL FIRST STEP WHICH WOULD, INTER ALIA, ACQUAINT SAG WITH SURETY COMPANY OPERATIONS. HE SAID HE HOPED THAT SAG WOULD IN DUE COURSE FIND IT POSSIBLE TO ACCEPT CONDITIONAL PERFORMANCE BONDS, ESTABLISH ARBITRATION PROCEDURE, AND ENCOURAGE SURETY INDUSTRY PRESENCE IN KINGDOM. PARSKY LEFT LETTER WITH GOVERNOR QURAYSHI AND GUIDE TO SURETY INDUSTRY. QURAYSHI INDICATED SOME INTEREST BUT NOTED SAG'S CONTINUED PREFERENCE FOR SIMPLER, UNCONDITIONAL LC AND BOND PROCEDURES.

3. EMBASSY WOULD APPRECIATE:

- COPIES OF FINAL MEMCONS OF PARSKY'S CALLS, BOTH HERE AND IN RIYADH,
 - COPY OF PARSKY'S LETTER TO QURAYSHI ON SURETY BONDING ISSUE, AND
 - COPIES OF ANY MEMCONS PREPARED ON PARSKY AND/OR SIMON CONVERSATIONS WITH SAMA OFFICIALS AT IMF MANILA MEETING.
- PORTER

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Message Attributes

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Disposition Authority: izenbei0
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